

APPENDIX N

PROVIDING THE INFORMATION REQUESTED IN APPENDIX N IS A REQUIREMENT FOR PROJECTS INVOLVING NON-PROFIT OR FOR-PROFIT ORGANIZATIONS

If any non-profit or for-profit organizations are involved in a proposed project, all the information requested in Sections C and D of Appendix N needs to be provided concerning each of the organizations.

The information requested in Appendix N's **Section C** (Operating Plan) and **Section D** (Financial Exhibits) **must be included or referenced as part of the applicant's response to Ranking Criterion 2 (Need) or Ranking Criterion 5 (Implementation and Management)**, as appropriate.

See Ranking Criterion 2 and Ranking Criterion 5 in Chapter V of these guidelines for additional guidance.

A local government may apply on behalf of a **non-profit organization** such as a local economic development corporation, a senior citizen organization, an area agency on aging, a local HRDC, etc., and **also** can apply on behalf of those **for-profit entities** that commit to serving citizens that are low and moderate income.

Either non-profit **and/or** for-profit organizations may also be involved in the rehabilitation or construction of new permanent residential structures for low and moderate-income persons.

Non-profit organizations may acquire title to public facilities such as senior centers, centers for the handicapped, or Head Start Centers. When such facilities are owned by non-profit organizations, they must be open for use by the general public during all normal hours of operation.

A. Non-profit Organization Defined

Any non-profit organization to be assisted with CDBG funds must be incorporated under Montana law and recognized as a non-profit, 501(c) tax exempt, organization under U.S. Internal Revenue Service (IRS) regulations.

B. Nondiscrimination

Any non-profit or for-profit organization to be assisted with CDBG funds must agree to provide its services or operate its facilities without discrimination, in accordance with the civil rights laws and regulations of the United States and the State of Montana. These laws and regulations prohibit any discrimination on the basis of race, color, national origin, sex, religion, handicap, age, or family status (families with children). Any organization receiving CDBG assistance must also carry out equal employment opportunity hiring practices.

C. Operating Plan for Each Non-profit or For-Profit Organization Involved in the Project

Each applicant must submit with its application an operating plan for each of the non-profit or for-profit organizations that the applicant proposes to assist as a subgrantee (or involve in the proposed project).

Each operating plan must include all of the following elements with sufficient detail for to allow adequate understanding of the organization:

1. Description of The Organization(s)

Describe the purpose and history of the organization or company. Include a copy of the organization's bylaws.

2. Services Provided by the Organization(s)

Describe the services provided, geographic service area and potential for expansion of services provided or the service area. Describe the target population served (age, sex, special needs, etc.).

The operating plan should describe in detail how the CDBG project will affect the services to be provided and how the organization and its members or clientele will be affected if CDBG funds are not received.

3. Management of the Organization(s)

Provide the names, titles, and brief description of the background and management experience of the persons responsible for management of the organization, company, or project, as well as the members of the organization's board of directors or principals.

Describe how the organization's finances are managed and whether they are formally reviewed on a regular basis.

D. Financial Exhibits

Non-profit or for-profit organizations that will be involved in a CDBG-funded project must demonstrate that projected income will be sufficient to cover a) any projected debt service and b) current and projected operating costs, including long-term operation and maintenance.

Each applicant submitting an application on behalf of a non-profit or for-profit organization must include the following financial exhibits 1-3 below (for each of the non-profit or for-profit organizations) as part of the application:

1. Financial Statement

For existing organizations, provide a financial statement (or IRS Form 990) for the most recent complete year of operation. CDBG is interested in seeing financial information that includes a balance sheet describing assets and liabilities, profit and loss statements, a revenue and expense statement, and cash flow statement as applicable to the type of organization.

A financial statement or IRS Form 990 is required. Whenever possible, the financial information provided should be prepared by an independent, certified public accountant.

All financial information must be signed by a responsible officer for the organization.

2. Requirements for Business Owners – if any -- with a 20% or Greater Ownership in the Proposed Project

Personal Financial Statements and tax returns are generally required for all business owners, if any, with 20% or more ownership in the proposed project.

The Department of Commerce also requires personal or corporate income tax returns for all affiliated businesses.

The principal owners of the business must provide a release allowing for a personal credit history check by the Department as part of the application review.

Applicants should include any other information that may be helpful in documenting the economic viability of the project.

3. Federal Internal Revenue Service Forms

A non-profit organization must submit verification of its IRS 501(c) status.

Any private non-profit organization which is required to submit IRS Form 990 (Return of Organization Exempt From Income Tax), must submit a copy of the 990 for the most recent year of operation. (Organizations whose annual gross receipts are normally more than \$25,000 must file Form 990.)

A for-profit organization must submit a copy of tax returns for the most recent year of operation.